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FARTHER
EXPLANATIONS

Of some particular SUBJECTS, relating to
TRADE, COIN, and EXCHANGES,
CONTAINED IN THE
UNIVERSAL MERCHANT.

By N. M.

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L O N D O N:

Printed by JOHN HABERKORN, in Gerrard-street. 1756.

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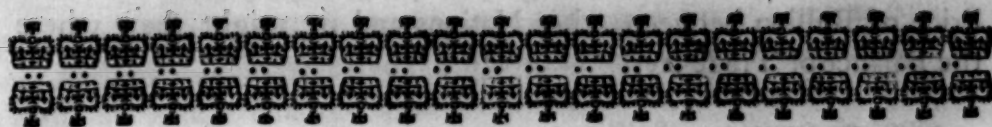
UNIVERSITY MERCHANT



M. M.

L. O. A. D. O. A.

Printed by John Harrison, Queen's Printer, 1786.



Farther Explanations

Of some particular SUBJECTS, relating to

TRADE, COIN, and EXCHANGES,

CONTAINED IN THE

UNIVERSAL MERCHANT.

Numb. I.

§. 1.  S it has been set forth by several Writers in high Credit, ' That the sure Guide to discover, in ' whose Favour the Balance of Trade lies, is to ' compare the Courses of Exchange, with the ' intrinsick Value of the Coins in foreign Parts, ' and at Home ;' I will add, in opposition thereto, some more Scruples to those which I ventured to insert in a Book upon this and other Subjects, published by Mr. *Horsley* under the too pompous Title of *The Universal Merchant*.

§. 2. I allowed (*Seet. 68.*) that in Time of Peace, when no Monies were to be sent Abroad for the Publick Service, the Courses of Exchange, resulting merely from the common Currency of Trade, compared with the intrinsick Value of the Coins, or rather with the

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Price

Price of Bullion between other Nations and us, might shew where the Balance of Trade lay.

§. 3. But still I made a Distinction (*Sect.* 82.) that as it is known that a great Part of the Gold and Silver which comes to us from *Spain* and *Portugal*, is the Produce of Effects sent thither from *Germany*, and that we were only the Carriers and Forwarders of it thither; the Course of Exchange between *London* and *Amsterdam*, or the sending Bullion thither, proved nothing in regard to the Balance of Trade between them and us, at any Time; since to send it the nearest Way, is by *Holland*: From whence it must naturally follow, and has in fact followed, that the Exchange from *London* upon *Amsterdam* is generally under Par, so as to afford something for the Risk and Charges of sending over the Bullion (*see Page* 85.) altho' the Balance of Trade has been always in our favour with *Holland* and *Germany*.

§. 4. The Course of Exchange will also be influenced, and prove nothing with regard to the Balance of Trade, when Princes coin too much Specie either of Gold or Silver, or set too high a Value upon the one or the other; for in such Cases they will naturally go to and fro between one Country and another, and only cause Exchangings. However great the Authority of *Sir Isaac Newton* may be, I cannot help thinking, that he went too far in saying, in his Representation to the Lords of the Treasury, in 1717, (*Page* 92.) that when *King William*, in 1701, made a Proclamation, that *Louis d'Ors*, which till then had passed at 17*s.* 6*d.* (though intrinsically worth but 17*s.* $\frac{3}{4}$ *d.*) should not pass for above 17*s.* 1,400,000*l.* came to the Mint, to be coined; and if the Advantage of 5 $\frac{1}{4}$ *d.* sufficed at that Time, to bring over so much Gold, what would more have done! It should seem, that in putting this Question, he overlooked one principal Point, *viz.* to inform us what went out for this Gold; which I apprehend to have been Silver.

§. 5. I alledged, (*Sect.* 70.) that by the Table of the Par of Exchanges, calculated from *Sir Isaac's* Assays, some of those Coins to me appeared

appeared not to have been exact in Weight; nor can I be persuaded to the contrary by all the Authorities quoted lately from a great Author. Merchants who have lived in *Spain*, cannot be ignorant, that the Weight at which Piaftres have been regulated, before and since that Time, is 117 Marks, 2 Ounces, for 1000 Piaftres; but as in those Days they came out of irregular Shapes, it was not unusual to find some of an under, and some of an over Weight, so that often 1000 Pesos were picked out, which weighed 118 Marks and upwards: and others remained less than 116 Marks: And as the Piaftre here set down is of 17 pwt. 12 gr. which is 875 Ounces for 1000 Piaftres; it evidently appears to have been a too heavy one: For all the People in the *Silver-Office* at the *Bank* know that the Weight of 117 Marks, 2 Ounces, in *Spain*, does not correspond to above $867\frac{1}{2}$ Ounces at *London*.

§. 6. But let this Table be ever so exact, our Knowledge of the true Value of foreign Coin, and our own, serves for nothing more than to prevent our making Exchanges to our Loss. The Conclusions which Mr. *Dutot* drew from the Par of Exchanges, in regard to the Balance of Trade, and the national Loss, appear to me almost as wild as the Notions of Mr. *Malines* of old, with his *Par pro Pari*, wherewith he had almost confounded all the great Men then at the Helm; till their Weakness was fully discovered by the judicious Mr. *Mun*, as *Dutot's* has been by a Person in *France*, who wrote *L'Examen du Livre*, intitulé, *Reflexions Politiques sur les Finances*, printed at the *Hague*, 1740.

§. 7. I will venture to maintain, that as Trade is now carried on in *England* and *Holland*, the Country Coin has the least Share in moving the Wheels: Silver and Gold, as Bullion, do much more. And I will ask, Whether it be not possible to gain a Balance of Trade without receiving it in Bullion? Whereto I answer, Surely it is, by importing more of foreign Commodities, useful every where, than we want, and upon which, by our exporting and selling them to other Countries, we may gain a better Balance in Trade, than by receiving Bullion. I will go still farther: Suppose the Materials, and Labour of a Piece of Manufacture, worked in
England,

England, to cost 2*l.* Sterl. if by sending out 2*l.* Sterl. in Specie we can import from Abroad two such Pieces of Manufacture; then our sending out Bullion is better than sending out such a Manufacture; and it is high Time to abandon such a Manufacture, and to endeavour to employ our Hands to better Purposes.

§. 8. Notwithstanding Experience has afforded Examples enough in other Countries, and much hath been written, to bring us to a right Comprehension of all the Effects resulting from Alterations in Coin, it appears to me, that we are not yet come to a perfect Knowledge thereof; and whosoever contributes any Thing towards it, is not unusefully employed.

§. 9. It has been for many Years under Consideration at the Dyet of *Ratisbon*, how to put the Coinage in the Empire upon a better Footing. It has been a great Complaint there, as well as in *England*, that the Proportion between Gold and Silver stood higher than in *Holland* and *France*; whence no Silver Coin could remain in the Country, but all weighty and standard Silver Coin went out for Gold: Whereupon, first the Duke of *Brunswick Wolfenbuttel*, next the King of *Prussia*, and afterwards the Queen of *Hungary*, and the Elector of *Bavaria*, departed from the Standard of *Leipsic*, of 15 $\frac{7}{8}$ Marks Silver, to 1 Mark Gold, which was formerly agreed to by the whole Empire, and went on coining great Quantities upon the Foot of 14, 14 $\frac{1}{2}$, to 1.

§. 10. Persuaded that truly great Men must find Satisfaction in reading whatsoever tends to the publick Good, by whomsoever writ, I lately ventured to shew, in a short Deduction printed in the *German* Language, that so far as the Coinage made by those Princes, out of foreign Bullion, exceeded what they purchased with their old Money and Country Produce, they did more Harm than Good to their Country.

§. 11. In a Proclamation of the King of *Prussia*, dated the 14th *July*, 1750, it is said, "That notwithstanding his Majesty had new-
" coined a great Quantity of Silver and Gold Coin, and his continu-
" ing

"ing to do so, he nevertheless found, that by reason of the bad Regulations of Coinage subsisting in *Germany*, his new Money was "carried out." In a Proclamation by the Elector of *Bavaria*, made the 27th of *August*, 1755, it is said, "That notwithstanding he had "provided his Dominions with a great Quantity of new good Coin, "he yet found bad Coin brought in from his Neighbours, circulating in his Dominions; and therefore he threatens his Subjects with "Confiscation thereof after such a Date." The Queen of *Hungary*, in a Proclamation issued the 15th of *September*, 1755, says, "That notwithstanding her having made a great Quantity of new "Coin, she found it necessary to grant her Subjects a longer Term "for the Currency of foreign Coins amongst them at certain Rates." All which manifestly shews, that after all Considerations had, none of the above Courts hit the Mark, so as to make the Alterations answer all necessary Purposes.

§. 12. As I am not furnished with exact Accounts of the Quantity and Value of the Coins in *Germany*, I cannot set the Whole in its full Light; yet thus much I may venture to maintain, that Countries which coined not, and made no Alteration at all, had the better of those that did. This is evident from the Manner in which, it is publicly known, they got the foreign Bullion out of which these new Coins were made.

§. 13. Most of the new Coins in *Germany* have been made from *Spanish* and *Portuguese* Silver and Gold, expressly commissioned for from *Holland* and *England*, for that Purpose, either for Account of the State, or for Account of some private Men, who contracted with the State for certain Quantities, at so much the Mark or Ounce, to be paid in a limited Time: But let it be for whose Account it will, the Country whither it went became Debtor for it to some Body; and whatsoever more was coined out of it, than belonged to Proprietors living in that Country, must needs go out of it again, with the Disadvantage of its Coining-Charges. Thus those People who coined not, had the better of them that did.

§. 14.

§. 14. As all Parts of *Germany* have some Share in the Silver and Gold which comes from *Spain* and *Portugal*, to *England* and *Holland*, a good deal of it in one shape or other must go unto them, or its Value be given them in other Things : But when any Prince in *Germany*, for the Sake of coining, will give a greater Price for Bullion than others, he may easily cause the Shares of others to take their Way to his Mint : But then such Proprietors of the Bullion, as live in other Countries, will have so many more Bills of Exchange to be paid in his Country with those new Species ; and for what they do not take of his Country Produce, must needs go out in these new Species : And even the extraordinary Draughts for the Bullion may cause such favourable Exchanges, that *Hollanders* shall remit those Bills on their own Account ; and for what they cannot make use of in buying so much cheaper of *Linnens*, &c. a Part of this new or old Coin must go back to *Holland*.

§. 15. It is surprizing, that in those Parts of *Germany*, where so many Millions have already been coined, their Eyes have not been opened before now, to see, that upon the Whole, the Country is not grown richer by it ; and that whatever the Head of the State, or some private Set of Men, might have got, the other Subjects lost much more. For the Operations have been made as follows : Supposing the Person who ordered the Bullion lived at *Berlin*, he commonly made his Factors at *London* and *Amsterdam* draw for it a round-about Way, so as to gain Time to have Coin made out of it at *Berlin* before the Payments at *Berlin* became due ; but this caused two or three Commissions and Brokerages, and Differences in Exchanges to be paid, besides Freight and Coining-charges ; of which the first and greatest Burthen must needs fall upon the Inhabitants of the Country where it was coined.

§. 16. It is surprizing, why such coining Princes, who had a Treasure of their own lying by, of Gold and Silver Specie, would not chuse to new-coin them into such Proportion between Gold and Silver

Silver as they would have them, rather than to coin out of foreign Bullion, with the abovesaid additional Burthen.

§. 17. All the States of the Empire agreed, that in general it would be better not to vary so much in the Proportion between Gold and Silver from *France* and *Holland*; but they differed in their Sentiments, which of the two should be altered. *Hanover*, *Saxony*, *Cologne*, &c. were of opinion that they ought not to depart entirely from the *Leipfic* Standard, admitted once by the whole Empire: that Silver ought to remain the certain Measure of Trade; that only the Gold should be lowered, and no Alteration be made in Gold and Silver both. But *Austria* and *Bavaria* resolved to the contrary. They signed a Convention the 21st of *September*, 1753, to fix the Proportion between Gold and Silver at $14\frac{11}{17}$ to 1; and say (*see Staats-Canzelen*, P. 106. p. 438.) that 'Whereas the lowering
' of Gold could not be done without causing a sensible Loss to both
' Countries, they had resolved to coin out of a Mark of fine Silver 20
' Guilders, of $13\frac{1}{3}$ Loot fine, (which formerly, by the *Leipfic* Stan-
' dard, had made 18 Guilders of $14\frac{2}{3}$ Loot) and out of a Mark of
' fine Gold 67 $\frac{67}{77}$ Ducats of $23\frac{2}{3}$ Karats fine, (which formerly had
made 67 Ducats of $23\frac{2}{3}$ Karats fine:) And upon this Footing they have gone on to coin great Quantities; but as yet they have not been followed by *Hanover*, &c.

§. 18. The Loss which *Austria* and *Bavaria* mention that the lowering of Gold would cause in their Countries, I take to be this: They considered that what Cash was left amongst them consisted chiefly in Gold, having no Silver left but such as was deficient in Weight, and of the baser Sort, called *Scheide-Mint*, of which the whole Empire had agreed that no more should be coined. Now if the Ducats, which till then had passed at 4 Guilders, should be lowered (in the Proportion of $15\frac{7}{11}$ to $14\frac{11}{17}$) to 3 Guilders $45\frac{1}{7}$ Cruizers, then their Country-cash would fall short of what they had received it at, and stood indebted for to other Nations; which is the same Thing (as I mentioned in *The Universal Merchant*, p. 60.) as if *England* should farther lower the Guinea from 21s. This makes a considerable

rable Difference in the Money Transactions of one Country with another. I am afraid that *Austria* and *Bavaria* must suffer by what they coined out of foreign Bullion more than was necessary: And now they have put the Proportion between Gold and Silver lower than what it is in *Holland* and *France*, in Course of Time they will want Gold again; and as that Silver which now remains with them is not so good as their old Silver, they will always feel a Loss in their yearly Revenue.

§. 19. I think it is almost indifferent whether Gold or Silver be the fixed Measure of Trade in a Country; but certainly the one or the other should be chosen to remain unalterable. If it were asked, How many Pounds of Silver ought to be given for one Pound of Gold? Then the One of Gold being the Thing which stood firm every where, and by which the Account of Comparison began, the 1 Pound, 1 Ounce, 1 Karat of Gold Weight, would be the governing Unity to resolve the Question, How many equal Parts of Silver Weight shall be given for it? Hence I thought (*Universal Merchant, Sect. 73.*) Gold to be the more eligible to serve as the Measure for valuing all other Things by: And it is in fact of the greatest Weight and Value.

§. 20. All Alterations in Coin are every where very dangerous (*Sect. 77.*) and *Germany* especially has suffered more in this respect than any Country, through the many Abuses made by some States of their Privilege of coining; and till they come to a certain Agreement of what Goodness their Money shall be kept at, it will be impossible to prevent the bad Consequences that result from altering the Value of Coin; however, as whatever Money any Prince coins of an inferior Value, its Circulation begins in his own Dominions, he saddles his own Subjects with the first Loss; and his Neighbours may always prevent its falling much upon them, by timely informing their Subjects, when any new Coin appears, how much it is less in Value, and that no Body shall be obliged to take it in Payments for more than its Worth; and absolutely forbidding it to be

be received at a higher Rate in any Contribution for the Service of the State (*Seçt.* 29.)

§. 21. But Merchants in a trading Country ought not to be hindered to take any Country's Coin for Goods, if they can find their Account by it, bad as it may be; for the Legislature can always punish those who commit Frauds. Even a free City that has more to buy from, than to sell to, a Country in which it lies, may find a Benefit by her Neighbours coining light Money. (*Seçt.* 29, *Note* 4.)

§. 22. Had *England* and *Germany*, as soon as *France* and *Holland* lowered the Proportion between Gold and Silver, lowered their Guineas and Ducats a-pace with them, they might have kept an equal Proportion of Silver Coin with them, without prejudicing each other: But we have gone on in *England*, ever since the Year 1718, to receive Gold upon the Foot of 21 s. a Guinea. Our national Debt is swelled up since that Time from 40 Millions to 80 Millions, and Foreigners are become our Creditors for $\frac{1}{4}$ of this Debt, which is 10 Millions, borrowed from them at 21 s. the Guinea; and what Cash circulates amongst us is all in Gold. I think it to be best, therefore, to let Gold remain as it is, because, although the same Reasons now exist for lowering the Guinea from 21 s. to $20\frac{1}{2}$ or 20 s. that did in 1717, for lowering the Guinea from $21\frac{1}{2}$ to 21 s. it certainly would be wronging ourselves to discharge Capital and Interest, where for 1000 l. we received but $952\frac{1}{4}$ Guineas at 21 s. and must pay with $975\frac{1}{4}$ at $20\frac{1}{2}$ s. (*Seçt.* 77.) I find the Parliament voted in 1723, 'That 15144 l. 19 s. should be allowed to the Tellers of the *Exchequer*, to make good the Loss by the Reduction of the Guineas from $21\frac{1}{2}$ to 21 s. with respect to the Guineas then in their Office;' which must therefore have amounted to 605,798; and the *Bank*, I should think, must have had a much larger Sum, and therefore have lost much more by this Reduction.

§. 23. There is Reason to conclude that the above-mentioned Reduction of the Guinea in *Anno* 1717, had not, from the very Beginning, the Effect which was expected from it. For on the 23d of

January, 1718, 'The House of Lords, in a grand Committee,
 ' took into Consideration the State of the Nation, in Relation to Gold
 ' and Silver Coins. The Lord *Bingley*, having represented the
 ' great Prejudice that Trade received from the Scarcity of Silver, said
 ' amongst other Things, it was a Matter of Wonder a Remedy had
 ' not seasonably been applied to so great an Evil, which visibly had
 ' been growing for so many Months past. My Lord *Stanhope* an-
 ' swered him, that the Scarcity of Silver was owing to several
 ' Causes. (A) 1st, The encreasing Luxury in relation to Silver
 ' Plate. 2dly, To the vast Exports of Bullion and other Plate to the
 ' *East-Indies*. And, 3dly, To the clandestine Trade that had lately
 ' been carried on, of exporting Silver and Gold to and from *Holland*,
 ' *Germany*, and other Parts. To prove these Particulars, his Lord-
 ' ship produced several Papers, and amongst the rest, a Scheme drawn
 ' up by *Henry Martin, Esq;* Inspector-General of the Exports and
 ' Imports at the Custom-House; whereby it appeared that in the
 ' Year 1717, the *East-India* Company had exported near 3 Mil-
 ' lion Ounces of Silver, which far exceeding the Imports of the Bul-
 ' lion in that Year, it necessarily followed that vast Quantities of Sil-
 ' ver Specie must have been melted down, both to make up the
 ' Export, and to supply the Silversmith. (B) His Lordship added,
 ' that it was impossible for those in the Administration to remedy this
 ' Evil, without the Interposition of Parliament; and as for the Trade
 ' of exporting Silver, and importing Gold in lieu of it, which en-
 ' creased the Scarcity of the first, the most effectual Method that
 ' could be thought of to prevent it had been already used, *viz.*
 ' the lowering the Price of Gold, which would not have failed to
 ' have in great Measure produced the desired Effect, but for the Co-
 ' vetousness of some, and Maliciousness of others, who thought by
 ' hoarding up Silver, either to make considerable Gains, or to distress
 ' the Government, &c. It was ordered that a Bill should be brought
 ' in to prevent the melting down of Silver Specie.' With regard to this
 Speech, I think no Body could deny (A) that the Scarcity of Silver
 proceeded from the three Causes assigned; but in relation to what
 his Lordship said, (B.) that the Remedy already used, by lowering
 the Gold, would not have failed, had it not been for the Covet-
 ousness

vetousness of some, and Malice of others, to hoard up Silver ; I am persuaded that it could not turn to any Man's Account to hoard it up to make a Gain by it ; for in the Time it lay dead upon his Hands, he would soon lose more Interest by not circulating it, than the Difference he could gain would amount to ; nor can I think that any private Man would be so much an Enemy to himself as to hoard up Silver, and lose the Interest of it, merely out of Malice to distress the Government. But if it had been considered, that after reducing the Guinea from $21 \frac{1}{2} s.$ to $21 s.$ *England* still gave $15 \frac{1}{4} \frac{1}{8} \frac{1}{16} \frac{1}{32} \frac{1}{64} lb.$ Silver for $1 lb.$ Gold, whereas in *Holland* and *France* the Proportion of Silver to Gold was but as $14 \frac{1}{2}$ to 1 ; it would have found that the sending out Silver still turned to Account, and therefore no Wonder it was exported.

§. 24. It appears to me to be the Interest of *England* to keep all her circulating Cash in Gold Coin ; and to have no more Silver Coin than just what is necessary for small Divisions. The Silver which *England* receives in Balance from *Spain*, is a necessary Merchandize for her *East-India* Trade, and with the Goods imported by this Trade, she gains a greater Balance from *Germany*, &c. than if the Silver had been kept at home ; and as it is not the Practice in this Nation to lay up any public Treasure in Specie, there cannot remain a greater Quantity of Coin amongst us than what all the People taken together require for their Dealings. If any more, either of Gold or Silver Specie, be coined, they must be melted down, or sent out again in process of Time. No Merchant desires to have much Cash lying idle. He thinks it better to keep a great Stock of Goods lying by him, upon which he can make Profit ; and although *England* may possess in proportion less Gold and Silver Coin than other Nations, it possesses by far the greatest Stocks of Goods for Exportation, which always will draw over Gold and Silver, when the Credit of Bank and Bankers Notes fails.

§. 25. Some People think that the Bank keeps a large Stock of small Silver Coin in Reserve to make use of in case of a Run upon it. This I always looked upon as bad Policy, being persuaded that nothing would sooner stop the Run, than the Continuation of Payments in the

the usual Manner (*Universal Merchant*, p. 21.) But supposing the Bank keeps no such Quantity of Silver Coin, (which I have been told by a Person who had an Opportunity to know, is the Case, and it may be so or not) still I have never met with any great Difficulty in getting Silver Coin enough to make small Payments; and whilst we have a sufficient Quantity for this Purpose, there is no great Necessity for any more: Of this, however, I leave the Bank and Bankers to be the best Judges. But in order to have the less Occasion for Silver Coin, I would recommend the Coining of a Quantity of Quarter-Guineas, to be distributed by the Bank in their Payments.

§. 26. Farther, supposing there is an absolute Necessity for having more Silver Coin for the Payments of Armies, &c. I would advise the Coining of nothing but Shillings and Sixpences: And as all that is now left and circulates amongst us is under Weight, and the Proportion between Gold and Silver is less among our Neighbours the *Dutch* and *French* than here, I leave it to be considered, whether out of a Pound of Silver 65 s. ought not to be coined, instead of 62 s. as formerly; which would make the Proportion between Gold and Silver here to be $14\frac{2}{3}$ to 1. and bring us near upon an Equality with *France* and *Holland*. But I am of Opinion, that at all Times no more Silver Coin ought to circulate amongst us, than what suffices for small Payments and Divisions: Which I think might be obtained by making a Law, that, when it is insisted on either by the Person who is to receive, or by him who is to pay Money, 95 per Cent. shall be paid in Gold Coin, and 5 per Cent. in Silver Coin. Thus, I remember, the Law in *Leipsic* used to be, that Payments of Bills of Exchanges payable in their Currency, were to be made with $\frac{3}{4}$ of $\frac{3}{4}$ Pieces upon the Foot of *Leipsic*, and $\frac{1}{4}$ in Groshens upon the lower Foot of *Torgau*, in order to keep both Species. I am by no means, however, for making in *England* any Alteration in the Fineness of our Gold and Silver, or adding any more Alloy in either of them, but only for following always, in some measure, our greatest Neighbours and Interferers in Trade, in the Weight of Silver which they give for Gold. And as all our Debts contracted for many Years have been received in Gold, whilst we keep Gold upon the Footing as before, we do

do no Harm to our Creditors: Nor would any of the Arguments, set down so judiciously by Mr. *Locke*, in *Anno* 1696. in his Considerations against raising Silver Coin, viz. 'That this would be 'robbing all the Creditors of one Twentieth Part of their Debts;' hold good in this Case, but the contrary. If we should reduce now a Guinea from 21 to 20 s. this would indeed be imposing on the Debtors, that is, the Nation, by adding to its public Debt, the One and Twentieth Part of Capital and Interests due.

§. 27. I do not apprehend that the Proportion between Gold and Silver will vary much from what it now stands, till some very rich new Mines come to be discovered either of the one Metal or the other.

By an exact Account which I have obtained of all the Treasure that came to *Spain*, under Register, from *April*, 1748, to *April*, 1753, it appears to be :

	<i>In Silver.</i>	<i>In Gold.</i>
From <i>Vera-Cruz</i> ,	<i>Pesos</i> 58,906,083	<i>Pes.</i> 473,976
<i>Cartbagen</i> ,	5,011,972	10,195,052
<i>Havanna</i> ,	1,098,551	252,524
<i>Caraccas</i> ,	314,620	25,408
<i>Marasai</i> bo and <i>Honduras</i> ,	408,728	170,936
<i>South-Sea</i> ,	7,631,772	2,924,453
<i>Buenos-Ayres</i> ,	2,825,872	1,173,836
	<i>Pesos</i> 76,197,598	<i>Pes.</i> 15,216,185

Which, upon an Average, is *per Year*, *Pesos* 15,239,519

And by an Account drawn from the printed Cargoes arrived in *Portugal*, I have gathered that there came under Register, from the 23d of *January*, 1747, to the 16th of *January*, 1753,

From

(16)

From <i>Rio de Janeiro</i> ,	_____	Cruzados 60,517,226
<i>Babia de todos Santos</i> ,	_____	9,022,970
<i>Gran Parab</i> ,	_____	213,749
<i>Pernambuke</i> ,	_____	2,770,462

In fix Years _____ Cruzados 72,524,407

Which makes yearly

In *Spain*, at $867 \frac{1}{2}$ Ounces per 1000 *Pesos* of Silver, Troy lb. 1,101,107.

at $867 \frac{1}{2}$ Ounces per 16,000 *Pes.* of Gold, Troy 13,750 $\frac{1}{2}$

In *Portugal*, 12,087,401 *Cruzados* at 416 *Cruzados*
per 1 lb. Gold, Troy 29,058
42,806 $\frac{1}{2}$

Thus we found that from *Spanish* and *Portuguese America* came yearly, under Register, to *Europe*, 1,101,107 Pounds of Silver, and 42,806 $\frac{1}{2}$ Pounds of Gold. With regard to the above Treasure arrived in *Portugal*, which I have set down all to be Gold, the Cargoes of the Register-Ships I received, did not say to what Value the *Spanish* Silver amongst it amounted, whereof we know that of late Years there always comes some by the Way of *Portugal*; but this, I reckon, could not be so much as the overplus Silver that comes to *Spain*, without Register, and what is brought to *Europe* by the contraband Trade, from the Coasts, and by the Way of *Jamaica*. However, as Gold is still more easily brought without Register, we will suppose, that in the whole there may come yearly in Gold to *Europe* $\frac{1}{2}$ more, which is _____ lb. 7134 $\frac{1}{2}$

Added to the above 42,806 $\frac{1}{2}$

In Gold lb. 49,940 $\frac{1}{2}$

and so 1,101,107 Pounds Silver, divided by 49,940 Pounds Gold, will give an Encrease of $22 \frac{1}{10}$ lb. Silver to 1 lb. Gold, yearly in *Europe*:

Europe : And as the yearly Encrease of the Silver is 15,235,519 *Pes.*
 $4\frac{2}{3} \text{ l. } 3,550,887 :: 14$. I will suppose that to the *East-Indies* yearly is
 carried,

By <i>England</i> ,	-	-	-	-	£. 600,000
<i>France</i> ,	-	-	-	-	500,000
<i>Holland</i> ,	-	-	-	-	300,000
<i>Denmark, Sweden, and Prussia</i> ,	-	-	-	-	300,000
					£. 1,700,000

the Proportion between Gold and Silver left in *Europe* will then be about 12 to 1. And although it may be further alledged, that more Silver is sent out yearly to the *East-Indies*, by the above Companies, than I have set down (which may have been the Case in some Years) and that some Silver likewise goes from *Europe* into *Asia*, through the *Levant* and *Muscovy*; it ought to be considered, on the other hand, that we have only in *Hungary* a few Gold Mines, and a good many Silver Mines in several Parts of *Europe*: Whence I guess that *Europe* produces, out of its own Bowels, more Silver than Gold, so as to bring it up to the Proportion of 14 à 15 to 1. I am therefore no longer afraid (as I seemed to be, in *The Universal Merchant*, p. 64.) that by our continuing to send out so much Silver to the *East-Indies*, the Proportion will soon come down again to 12 to 1, and the less so, as some Companies have already begun to send, in lieu of all Silver, a Part in Gold, to the *East-Indies*; which shews its Proportion there to be come nearer to an Equality with ours.

§. 28. I am clear that in Time of Peace, when the Credit of the Bank is not subject to any Mistrust, we neither want, nor can make use of, more Gold and Silver Coin, than about such a Quantity as we now have: Whatever more Gold and Silver Bullion we turn into Coin is superfluous, and in Course of Time will be turned into Bullion again, as I mentioned above (§. 24.) Nor do I believe (§. 23.) that we have many private Men who hoard up Silver; because dead Money brings no Interest: But I wish they did; for on certain Occasions,

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the

the Nation's offering higher Interest would bring it to Light again, and it might be of public Service. At the worst, their letting it lye dead, shews only their Superfluity, and is doing no Harm to the Public, but only to themselves.

§. 29. I wish I could hit upon some Proposal, which would better answer the Purpose than the annual Subscription which the Bank takes, for bringing in Money when they want it. Experience has shewn that this Subscription, as it was managed, never mended the Matter; and, indeed, how could it, as no real Cash was brought in, nor any Credit for a limited Time given the Bank for Ready-money Demands on it? I mentioned, in *The Universal Merchant*, p. 31. that it would be better to pay a higher Premium to the Subscribers, and oblige them to bring in real Cash of foreign Coin at Standard Price, or Bullion: And they ought not only to be obliged to bring in real Cash, but to give the Bank a certain Time for repaying it with Interest. For even the bringing in of real Cash, whilst they had a Ready-money Demand for it, could not, as I mentioned in the fore-cited Place, make the Run cease.

§. 30. As the whole Credit of the Nation suffers, and all the Money-Negotiations for the Public become dearer, when Bank-Notes will not circulate, and Merchants cannot raise Money by Discounts upon the Bills and Notes they possess; I believe it would be Money well laid out for the Public, and entirely answer the End, if the Government would allow, out of the public Revenue, a yearly Premium of 1 or 2 *per Cent.* for a Million, unto such Subscribers who should pay immediately 10 *per Cent.* on Account, by Assignment on the Bank, and oblige themselves, for a Term of . . . Years, at any Call of the Government, to bring in, and lend unto the Bank, the remaining 90 *per Cent.* in full of their Sums subscribed, in ready Cash, at Standard Price, to be re-paid by the Bank after one Year with the Interest of 4 *per Cent.* on the 10 *per Cent.* they first pay, and after the same Rate for the 90 *per Cent.* if called for: That is to say, The Government should pay this Premium for maintaining the Credit of the Public, which includes that of the Bank, Bankers, and Merchants,

chants, together with the *Exchequer* and *Treasury*; and no Call should be made by the Government for its own Wants, but only for the *Bank*, when it appeared that they were actually in want of Specie; and the *Bank* should pay to the Subscribers 4 *per Cent.* Interest, for what Money they received; whereby the Subscribers would have a Chance, if no more than 10 *per Cent.* yearly brought in, to receive a Premium for Years on 90 *per Cent.* never advanced, and if advanced have 5 or 6 *per Cent.* for it; which I think a sufficient Inducement to run the Risk of what any Time of Difficulty attending the present War may expose us to lose by the real Money to be brought in at Standard Price, and by the Interest of 4 *per Cent.* at which Rate no Merchant can find Money in such Times.

§. 31. Many People Abroad have a Notion that *England* exposes itself too much by making use of so many Bank-Notes; and this Notion, on Occasion of a Run against the *Bank*, even hurts the private Credit of all our Merchants Abroad, since it is known that every Body is either directly or indirectly something concerned with our public *Bank*, and Bankers: But if the *Bank* were backed with a Subscription of the above Kind, I think the whole World would be made sensible that it could never be in want of Specie.

§. 32. Sir *John Barnard*, in some Maxims published just before the last Peace, rightly says, ' I am of Opinion, that as the *Bank* is
' now constituted, it is scarce possible for them to be drained of their
' Money. Many of their Notes are so dispersed, that they cannot
' come in for Payment for a good While; and Men of Sense and well-
' affected will always do what lies in their Power to support them;
' which in some Time will put a Stop to the Run. If the *Bank* find
' it necessary, they may give Interest to those who will bring in Mo-
' ney voluntarily, to be paid at a fixed Time; which Method will
' not affect Credit like a Call on the Subscribers, many of whom are
' not able to pay their Money: Or they may at last allow Interest on
' their Cash-notes; which I have seen practised with Success: But
' if at worst the *Bank* should be forced to stop Payment, the Inconve-

' nience to the Public would not be so much as some may imagine ;
 ' because the Debt owing by the Government is a sufficient Security
 ' to the Creditors for their Principal, and the Interest, which, in that
 ' Case, it would be reasonable to allow ; and would give such a Cur-
 ' rency to their Notes, that few Persons would refuse to take them in
 ' Payment ; which, by Degrees, would restore Credit. A proper
 ' Quantity of Exchequer-Bills might be every Year issued on the
 ' Land and Malt Taxes, at a reasonable Interest, to be sunk in Course
 ' by the Produce of the Taxes on which they were issued. The issu-
 ' ing such Exchequer-Bills would supply, in some Degree, the Want
 ' of Money, and could never occasion any Run against the *Exche-*
 ' *quer*, not being payable on Demand.' Which agrees for the most
 part with *Davenant's* Opinion, (*see his Discourse on the public Re-*
venue, P. II. p. 168, 171.) and this is considering the worst Conse-
 quence to which a Stoppage of the *Bank* could expose the Public. To
 which I will add a few more Remarks, to shew that neither the Evil
 which could result from it to private Merchants, ought to be dreaded
 so much as some think. The Case is thus : By reason of the Facility
 of always finding Money with the *Bank* and Bankers, for discounting
 Bills of Exchange and Notes, which have but 2 or 3 Months to run,
 many Merchants seldom keep more Cash, than just what suffices for
 their Payments of a Week, or at farthest a Month ; which enables
 them to keep a so much larger Stock in Goods. A Merchant
 with a Capital of 50,000 *l.* taking the Year round, or on an Ave-
 rage, may not have Cash for above a Thousand Pounds with the
Bank and Bankers ; a Stoppage, therefore, happening at the same Time
 against all of them, would indeed cause a great Confusion ; but still it
 would soon be remedied by bringing Cash from Abroad, which, with
 the Goods they have, they would always be able to obtain soon : And in
 order to suffer the less by a Delay in coining, it would be in such a Case
 a right Measure to give an immediate Currency, by his Majesty's Pro-
 clamations, to good foreign Coin, such as *Spanish* Piaftres, Doubloons,
 Moidores, Rix-dollars, Ducats, Louis d'Ors, according to their
 Weight and intrinsic Value ; which would be an immediate Relief ;
 and they might, and would go out again, when Credit came to be re-
 stored. But I wish, and hope, that our *Bank* will for ever go on
 without

without Difficulties; and I think it almost impossible, if they were made certain of always obtaining from Subscribers an Addition of real Cash, not repayable on Demand, that they ever could fall short of Cash, and be brought to the Necessity of refusing the usual Help of discounting to their Customers. The Method proposed by Sir *John*, to admit Money from People who would bring it in voluntarily, to be repaid with Interest, at a fixed Time, would be a farther Help to enable the *Bank* to go on in their Business as before, and also such a Subscription as the Merchants voluntarily made during the last Rebellion, not to refuse Bank-Notes in any Payments, ought to be kept in Memory, for any Time of Distress.

§. 33. As to the Proprietors Stock in the *Bank*, which I said (*Seet. 60.*) might amount to near 11 Millions; I have since met with an Account which makes it to be 10,780,000 *l.* composed of the following Sums :

1694 The Original Subscription, - - -	£. 1,200,000	0	0
1697 An Engraftment made for - - -	1,001,171	10	0
	2,201,171	10	0
170 ³ / ₅ The Capital doubled - - -	2,201,171	10	0
	4,402,343	0	0
1709 A Call was made of 15 <i>per Cent.</i>	659,204	1	9
	5,058,547	1	9
1710 A farther Call of 10 <i>per Cent.</i> whereof was paid but - - -	501,448	12	11
	5,559,995	14	8
1722 A Subscription was made to pay the <i>South-Sea Company</i> 4,000,000 <i>l.</i> and filled up to the Amount of - - -	3,400,000	0	0
	8,959,995	14	8
			Brought

Brought over,	£. 8,959,995 14 8
1742 A Subscription was taken in to the	
Amount of	840,004 5 4
	9,800,000 0 0
1746, A Call was made of	980,000 0 0
	£. 10,780,000 0 0

to which Sum the Capital of the *Bank* Stock has amounted ever since the Year 1746, and now remains, in *Anno* 1756, all paid in and advanced to the Nation, by the Proprietors themselves, and which must all be lost before the People who keep Cash with the *Bank* can lose any Thing.

The whole Advance which the *Bank* has made to the Nation, and receives Interest for, is

£. 3,200,000	at 3 per Cent	£. 96,000
500,000		
4,000,000		
1,250,000	£. 8,486,800 till 1757 at $3\frac{1}{2}$	£. 297,038
1,750,000		
986,800		£. 393,038
£. 11,686,800		

and as but 10,780,000 *l.* have been paid by the Proprietors, there appears only 906,800 *l.* advanced out of the Money belonging to the People who keep Cash with the *Bank*, not to be re-paid at any certain Time, but when the Government pleases. But whatever more the *Bank* advances to the Government, out of their current Cash, appears all to be upon Securities assigned for the Re-payment within a certain Time; such as their yearly Advances upon the Land and Malt Taxes, and occasionally upon the *Sinking-Fund*, &c.

The

The *Bank* now divides to her Proprietors, for
 £ 10,780,000 at $4\frac{1}{2}$ per Cent. £. 485,104

and receives Interest from the Government for
 £ 11,686,800 at $3\frac{1}{2}$ per Cent. as above-said; £. 393,038

£ 906,800

Thus to make up what she divides:

£ 3,068,866 $\frac{2}{3}$ more must be made use of from the cur-
 rent Cash, to gain 3 per Cent. £. 92,066

£. 485,104

And perhaps

£ 333,333 $\frac{1}{3}$ more to gain what farther Expences she is
 at than the Government allows her, or 3 per
 Cent. suppose it to be £. 10,000

This, in the whole, is £ 4,309,000, which she probably now makes use of, out of her current Cash: but only the 906,800 *l.* thereof are running at an Uncertainty when to be re-paid by the Government. And as from the Time the *Bank* has been erected, which is now above 60 Years ago, many Bank-Notes have been lost, and even some Dividends have not been claimed; this may go a great Way towards these 906,800 *l.* At present, therefore, there doth not exist a Demand, nor consequently can there be any Run against the *Bank*, for above 3,242,200 *l.* and as all that of this Sum is lent upon the Land and Malt Taxes comes in again by Degrees, as Bills and Notes discounted do; and as some Bank-Notes, more or less, will always remain circulating, and Merchants will always leave some Cash with the *Bank*, it should seem that any Run can never come up to a Million: And if the *Bank* had such a Subscription as is above mentioned, to bring in a Supply of a Million, in actual Specie, not re-payable till after a limited Time, it would be sufficient to answer any Run, and enable her to continue to assist the Government, and discount Bills and Notes to her Customers, as usual.

But

But no Body can rightly judge what Lengths the *Bank* may prudently go with the Government, but those who know to what the whole Money of the People who keep Cash with her amounts, and to what Sum any Run amounted in former Times. Upon a nearer Consideration, it appears to me that the Money of the People who keep Cash with her, cannot reach so far as 11 Millions, (as I guessed in *The Universal Merchant*, p. 28.) it is more likely that it doth not exceed 8 or 9 Millions, whereof the employing five or six in such Loans, &c. as aforesaid, which must gradually come in again in Cash, is not going beyond the Bounds of Prudence. But whenever any Mistrust and Run against the *Bank* happens, it is my Opinion, that by laying open the State of her Affairs to some private moneyed Men, she will always find Persons well-affected and resolute enough to engage to furnish her with Sums of Bullion, payable at a limited Time: And when the Public finds that private Men do not hesitate to enter voluntarily into such Engagements, it will give them even a better Opinion of her Security, than bringing in Bullion by any Subscription can do; as always some of the Subscribers will, to clear themselves from their Engagements, sell a Part with Loss, and thereby throw a Damp upon the Credit of the *Bank*. But small Sums in Bullion thus voluntarily sold, at Time, to the *Bank*, when a Mistrust actually exists in the Breast of the Public, will have a much better Effect, than the giving Time for the Payment of greater Sums brought into the *Bank* upon the Call of any Subscription.

§. 34. In regard to what I have said of the Bank of *Amsterdam*, in *The Universal Merchant*, (Sect. 61.) a Person from that City, who seemed to be acquainted with its Circumstances, has since expressed to me some Dissatisfaction at my making the *Bank of England* superior in Value to theirs. However he confirmed to me that the Number of Persons who keep Accounts with that Bank, did not exceed 2700 or 2800: Thus supposing them on an Average to have a Cash of 20,000 Fl. it is 56,000,000 Guilders, or 5 Millions Pounds Sterling; which Sum the *London Bank* certainly exceeds by a great deal.

deal. By this Person I was told, ' That *Anno* 1607, when the Bank
 ' at *Amsterdam* was erected, the *Dutch* had a Multitude of Species cir-
 ' culating amongst them, which differed greatly in Weight, though
 ' of the same nominal Value; some Ducatoons being found not worth
 ' above 58 or 59 Stivers, and others worth 62 or 63 Stivers. Where-
 ' upon the Magistrates of *Amsterdam*, in order to prevent the heavy
 ' ones from being picked out and sent abroad, and only the light ones
 ' left, resolved to establish a Bank, and to receive therein, by Way of
 ' Deposit, Ducatoons at 60 Stivers, and Rix-dollars at 48 Stivers, with
 ' Liberty for him who made the Deposit, to draw them out again at
 ' the same Price, deducting only a small Part for keeping them six
 ' Months; and if they were not taken away within that Term, the
 ' Person depositing behoved either to pay for the Prolongation of it,
 ' or leave them to the Bank at the fixed Price.' Hence it appears
 that this Bank is not more indebted to the Public, than *Gilden* for
Gilden, and knows of no *Agio*. He farther added, ' That the Bank
 ' at *Amsterdam* was not established with a View to make any Profit of
 ' the Money deposited, by lending out any Part thereof, nor did she
 ' to this Day lend any Money to their *Lombards*, (as I mentioned in
 ' *The Universal Merchant*.) that what profit she made consisted only
 ' in the $\frac{1}{4}$, $\frac{1}{4}$, $\frac{1}{4}$, &c. she received for giving a Credit of six Months on
 ' the Sums deposited with her, and what she might gain upon the De-
 ' posit Price of Gold and Silver, when the Deposit is not prolonged.
 ' That such Parcels of Gold and Silver as were left to the Bank by
 ' Default of Prolongation, she commonly kept in the same Species, to
 ' resell with Profit, when it is to be done. That however, she might
 ' also coin current Money out of it, which is what they call *Stand-*
 ' *Penninge*, and is the Coin she stands indebted for. That when the
 ' Bank at *Amsterdam* was first established, they had two Sorts of Coins,
 ' one of which, the *Stand-penninge*, was not permitted to be exported,
 ' but of the other Sort, called *Negotiation-penninge*, which were the
 ' *Duatoons* and *Rix-dollars*, the Exportation was free.' As the Bank
 received the former at 60 Stivers, and the latter at 48 Stivers, Curren-
 cy, I suppose that she took care that the Weight of Silver, in the
 Sums deposited with her, should be such upon the whole, that she

might, without Loss, coin Stand-penninge out of it, if they should be wanted.

‘ A Mark of *Spanish* Silver being worth $23\frac{1}{2}$ *Fl.* Currency, whenever any Money is to be borrowed from the Bank on Piasters, they put them in Bags of 100 Marks each, which at $23\frac{1}{2}$ *Fl.* are worth 2350 *Fl.* Currency: Whereupon the Bank gives a Credit of 2200 *Fl.* Bank Money, and a Receipt as follows :

Oct. 1756, the

“ N. N. brought into the Bank 100 Marks *Mexican* Dollars at 22
“ Guilders a Mark, with Condition that he shall be obliged to take
“ them out again, within six Months, paying a *Quart pro Cent.* to the
“ Bank; or in Default thereof they shall belong to the Bank at the
“ aforesaid Price, after the Expiration of the aforesaid Term.

N. N.’

‘ These Receipts commonly sell at a Premium from 8 to 20 Stivers,
‘ and Bank Money sells with an Agio of 5 *per Cent.* Hence if the
‘ Borrower sells his 2200 *Fl.* with this Agio, he receives *Fl.* 2310
‘ and his Receipt, at 8 Stivers, makes - - - - 40

Fl. 2350

‘ which is the same as if he had sold the 100 Marks at $23\frac{1}{2}$ *Fl.* Currency.

‘ Within these 25 Years the Price of Receipts have been so low as 1
‘ à $1\frac{1}{2}$ Stivers, and so high as 27 à 28 Stivers, and the Bank Agio has
‘ been so low as $1\frac{1}{2}$ *per Cent.* and so high as $5\frac{1}{2}$ *per Cent.* which depends
‘ upon the Proportion between Gold and Silver; whereof now and
‘ then the one or the other is more in Demand.

‘ The Gold is kept in Bags under the Seal of him who brought it in;
‘ and is delivered out again under the same Seal; but Silver Bags are
‘ delivered promiscuously by their Weight of 100 Marks each.’

There is no Doubt that whilst the Bank of *Amsterdam* lends upon nothing but Gold and Silver, and does not dispose of any; whilst
People

People pay for their keeping it, she can always satisfy the Receipt-holders with the same Species. When the Holder of a Receipt neglects to pay for the Keeping, he has it no longer in his Power to call for the Bullion he brought in. But then there should properly be so much more Cash in Stand-penninge, sufficient to answer any Demand; else when large Quantities of the Silver and Gold, deposited in the Bank, are left upon her Hands, for which she became Debtor in Stand-penninge; she must in a Time of Danger, on People's running for their Money, be unable to pay all with Stand-penninge; and thus be forced to agree for Time to coin Stand-penninge from the Bullion in her Hands, or to pay them with Bullion upon the same Foot as she received it; that is, to give 100 Mark Weight in Piastres, for the Sum of 2200 *Fl.* which they stood Credit for in their Accounts with the Bank.

Upon asking my *Amsterdam* Commentator, Why, if the Bank had all the People's Cash lying by, in Bags, in the Year 1672, they did not rather deliver them out by Weight, than detain the People with telling, and thereby throw them into such a Panic, as to make them sell with 4 or 5 *per Cent* Discount? He answered me, that their Commissaries or Directors at that Time must not have rightly comprehended the Matter; for the more current Money there was carried away, the more Benefit the Bank would have reaped by it; and if such a Case should happen again they would be wiser, and deliver the Money in Bags, without telling. But this is not satisfactory to me; nor should I think the worse of the Bank of *Amsterdam*, if, supposing her Treasure to amount to 5 Millions, Sterling, she laid out half of it, on good and daily running of Securities, as we do in *London*, by which means she might render herself more useful to the Public, as well as to private Merchants.

§. 35. In erecting the Banks at *Hamburg* and *Nuremberg*, of which some Account is given, *Universal Merchant*, §. 62, 65. there appears neither to have been any other View, but only to preserve themselves from

from Losses by the many bad Coins then current over all the Empire, to hinder Clippings, and the Picking out of what good Coins were left, and to establish a fixed, and permanent Standard. In the Year 1519, the City of *Hamburg* began to coin Dollars of 24 Shillings, which, till the Year 1530, continued to go at 24 Shillings: But some of her Neighbours having, about this last Period, coined Shilling Pieces of a baser Sort, it necessarily followed that more than 24 of these Shillings were to be given for a Dollar. Accordingly we find that for a *Hamburg* Rix-dollar was given,

	s.	s.
From <i>Anno</i> 1530 to 1574---	32	à 33
1574 to 1609---	33	à 36
1610 to 1616---	37	à 40
1617 to 1619---	40½	à 46½

Whereupon, when *Hamburg* erected her Bank, in 1619, they determined that none but Rix-dollars of the Standard of the Empire, of 14 Loet, 4 Grains fine to a Mark, should be received in it; and that a Rix-dollar should always go, for the future, at 48 Shillings; and each Shilling at 12 Pennys. Nevertheless, as the Value of some Shilling Pieces which were circulating in current Payments amongst them, was still less than in the Proportion of 48 to a Rix-dollar, we find that in *Anno* 1620, 52s. and *Anno* 1621, 53s. à 54s. were given for a Rix-dollar. But in the Year 1622, Deputies were sent to *Hamburg* from *Denmark*, *Saxony*, *Pomerania*, *Holfstein*, *Mecklemburg*, *Lubeck*, and *Bremen*; and it was determined that all Rix-dollars should stand unalterable upon the Foot of 48 Shillings. From whence it followed of Course, that whatever Coins appeared of a lower Standard than their Bank Rix-dollars, must be made good by giving so many more, or by adding such an Agio as should make them correspond to the Standard; which has actually been done, ever since that Time, and is now done. Thus the End of erecting the *Hamburg* Bank was fully obtained. I find that in *Anno* 1619, double Shilling Pieces passed in Payments, which, according

according to Assays made at *Lubeck*, were intrinsically worth but 20 Pennies: Wherefore the Magistrates ordered them to be received for no more; and in *Anno* 1620, Coins appeared, called *Sbreckenberger*, or *Grosbens*, which were forbid to be received at all: But I think there never could, nor will, be any Necessity for making a total Prohibition or Restriction not to take Money for more than its intrinsic Value; and that it is enough (as I mentioned §. 20, 21.) to give Notice to the Public, of what Value the Coins are, and that no Tradesmen or Labourers shall be obliged to take them for more; for the rest, leaving Merchants at Liberty to take what Coin they please for their Goods, and to settle their own Accounts in what Manner they shall think proper.

§. 36. The Notion as if by erecting the above-mentioned Banks a great deal of Species had been attracted to them from Abroad, has occasioned the like Attempts in several other Parts: In *Vienna* a Bank was erected in *Anno* 1703, to which a Fund of 4 Millions Guilders yearly, was assigned by the Emperor, to pay in twelve Years a Debt of 40 Millions, with the Interest at 4, 5, 6, 7, 8, *per Cent.* *Anno* 1704, these Funds were increased to $5\frac{1}{2}$ Millions a Year. *Anno* 1705, the Interest was reduced to 5 *per Cent.* and the Term of Payment for the above Debt extended to 15 Years: And as almost every Transaction was directed to go through the Bank, Things went on pretty well for a while. *Anno* 1714 the Emperor issued a Proclamation, That, whereas high Interest was the Ruin of Commerce, and his Troops suffered great Hardships by receiving in Payment Assignments on the Bank, whereby they must lose greatly; the Bank should be obliged, on allowing them only 3 *per Cent.* Discount, to give ready Cash for any Demands on them. In what Condition this Bank now is, I have not heard; but it is known that now, and for many Years past, almost all Transactions at *Vienna* have been carried on with real Cash. The *Paris* Bank established in 1716, did not subsist above five Years.

Upon

Upon the whole, Experience has abundantly shewn that no Bank can do well under any despotic Government; and what I have said on this Subject may serve to shew that the Benefit which can result from Banks is at best nothing like what most People conceive, and what has been published in many Books.

§. 37. The Dominions of the several Princes and States in *Germany* are so much intermixed, and so many different Sorts of Trade are carried on from City to City (excepting *Hamburg*, which is the only one for extensive foreign Trade and Exchanges,) that Banks can be of no little Use in that Country: Whatever large Quantities of Manufactures are exported from the Cities in the Empire are gathered and bought in by small Parcels from People who can make no Use of any Thing but Money, and what foreign Commodities are sold, seldom is in Parcels to any great Value, nor are they sold to Persons who live in the same Dominion, and have the same Coins with the Seller to pay for them: Hence the Erecting of Banks amongst them is contrary to the Nature of their Trade; but it would be for the Good of whole Empire, and the Half the Quantity of what Coins they now have would be sufficient for all their Transactions, if they could agree to coin all their Money of one and the same Standard, to keep to one and the same Proportion between Gold and Silver; and as Silver is every where made more Use of for Wear, it would be for the Benefit of every one to coin the most they can of Gold, and coin none of the base and different Sorts of Scheide Mint, with more or less Alloy; but instead thereof, for small Divisions to make Use of pure Copper Coin, that every Body might be certain what he received. The Empire has two Princes who have real Treasure enough lying by to make an Advance on the easiest Terms to all the coining Cities, to enable them to make beforehand a Provision of new Coins, ready to be delivered as the old ones came to be exchanged: And this Advance of Money might be repaid with new Coins, correspondent to its Value in Weight and Fineness with the old Ones delivered as fast as they could be coined.

§. 38. The great difficulty which always did, and always will, attend a re-coinage of the species circulating in a country, is how to supply their place whilst the new money is coining, which can be no difficulty at all in a country where the sovereign has a sufficient treasure lying by, to have a quantity of new coin made out of it, ready to be delivered for old ones, as they are brought to be exchanged, without any farther loss of time, than only to have the old ones weighed, melted, and assayed: and I believe the before-mentioned two princes have treasure enough, and are able to advance, on the easiest terms, to all coining cities, a sufficient sum, to have a provision made of such new coins, as the empire might agree thenceforth to circulate, ready to be delivered as old ones present themselves to be exchanged: but, otherwise, where the sovereign himself has no treasure lying by, to make a provision of new coin beforehand, all re-coinings and prohibitions of coins must needs cause a great distress for the time of their being kept out of the circulation. In *Bavaria*, in the year 1754, when they undertook to make a change in their coins, they tried if bank-bills under the sanction and guaranty of their sovereign would not serve in the mean while (*Staats-Canzelen*, vol. cvii. p. 507, to 518.) But in a letter wrote from the elector to the queen of *Hungary*, p. 533. he says, that so many difficulties had been found in executing the convention agreed between these two courts, that it was impossible to go on in it.

§. 39. Even in *England*, where more can be done with Bank-notes than in any other country, they cannot always pass quite equal to coin. In an excellent pamphlet wrote *anno* 1709, under the title of *A Vindication of the Bank*, the author says, (p. 11.) That *anno* 1695, when *England* took at once that bold resolution to make a Re-coinage of all the silver species in the kingdom, on account of its being so clipped and worn out, as scarce to be worth half what it ought; “ Notwithstanding all the expedients that could be provided, the species became so scarce for a time, that it gave the greatest shock to “ credit both public and private, that ever was known; even Bank- “ bills, which ought to be the same as ready money, were brought “ to a great discount; private security would hardly pass under 20

“ *per cent*, and plate itself would perhaps have given double interest;
 “ the public credit was so far undervalued that the land-tax (always
 “ payable within a year) came to 20 *per cent* discount.

Which shews that (altho' our Bank then was in its infancy and at present can do more : it is nevertheless a dream, when people imagine to themselves (see *Universal Merchant*, p. 27.) that Bank-notes might pass without number : which was the notion of the famous *Law*, wherewith he led *France* into such an error in 1716, as will never be forgot. I am convinced, that however much the Bank of *England* may do with her credit, it will not pass beyond certain bounds. We always must keep, and cannot do without a good stock of real cash, for our small dealings and transactions, in which no use can be made of assignments, and Bank-notes ; and the amount of these reckoned together throughout the whole kingdom, could it be known, would, I believe, surpass in value that of the great transactions : hence it would not be prudent for the government to suffer Bank-notes to be circulated beyond certain bounds ; which else the Bank might make to go a great way farther, if they were suffered to be made under 20 *l.* as at *Edinburgh*, where they make them of 1 *l.* but upon rightly considering the matter it will be found, that whatever more paper is suffered to circulate in lieu of money, will, in effect drive so much real cash out of the kingdom, and put us, on occasions of mistrust to so much greater straits for money.

§. 40. I believe it neither to be the interest of the proprietors or stock-holders of the Bank, that they should stretch their credit too far, and make use of the cash kept with them to a farther extent than they have found by experience, to be within their compass. For, of whatever more interest the Bank might gain by lending out too much, there will, on occasions of distress, a good deal be lost again by having over-done the thing ; and the government will always perceive that the raising of money will cost them dearer when Bank-notes will not go currently : wherefore I think it to be the interest of both sides to keep within bounds.

§. 41.

§. 41. And if this be done, the proprietors of the Bank I believe, may safely rely upon their own Strength, and go on without any assistance or indulgence from the public, and without any subscription of private people to bring in money ; which, in my opinion, their body is the ablest to do themselves. For, considering that the capital of the stock-holders amounts in all to £.10,780,100, and what cash they might want to stop any run, would not probably much exceed one million pounds, it will acquire but 10 *per cent* from each stock-holder, to be brought in real cash, either sterling, *Portugal* gold, plate, or any foreign gold and silver coin by weight, at standard price, or so as his Majesty shall think fit to render it current by proclamation. And this, I think, can be more easily performed by the body of stock-holders, amounting to 10 millions, than by a body of subscribers of 1 $\frac{1}{2}$ millions, whatever they may be. I have observed by a list of the stock-holders who have a vote in their general courts, that the greatest part consists of people who live upon their interest, and the most of them beyond sea ; for which latter it will be no difficulty to find bullion to send over, and they will be the more willing so to do, when they come to know that it is for their own benefit, and that they reap themselves what subscribers would otherwise take from them : for, what premium those receive, must needs go out of the profits of the Bank, and at the end, lessen the dividends of the proprietors. And with regard to the stock-holders who live in *England* upon their income, it will perhaps bring out some hoarded-up gold and silver coin, and some old pieces of plate, which else would lie dead ; and they will enjoy the more interest. A farther advantage from receiving this supply from its own stock-holders is, that many of them being such as keep no running cash with the Bank, their bringing in species would not cause any demand for species from the cash accounts ; which naturally it will do from merchants who keep cash with her, when they are subscribers.

§. 42. I think this last way upon which I have hit to be the best, and that it would fully answer their purpose at all times, if a general court of the Bank-proprietors was called, to pass a resolution,

That whenever the Bank should find herself short of species, the stock-holder, upon a public notification from the court of directors,

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shall

shall be obliged in _____ weeks time, to bring in 10 *per cent*, in sterling money, or gold or silver at standard price, to be repaid after one year with interest after the rate of 8 *per cent*, *per annum*. And that with regard to such of the stock-holders as shall fail to bring it in, the directors shall have liberty to borrow it upon their stock, or to take it from somebody else for the same advantage of 8 *per cent*.

§. 43. For this premium and interest of 8 *per cent*, *per annum*, I do not doubt, there would always be people found ready to undertake to bring in gold or silver at standard price, and deliver it upon a year's credit to the Bank. But it is reasonable that the proprietors should have the preference to do it themselves, as it must be paid out of their property: and when they bring it in themselves they will have nothing to alledge against the 8 *per cent* being too dear, since it can only affect those who do not chuse to do it themselves.

§. 44. As the proprietors of the Bank enjoy the benefit of what money they lend out belonging to the people who keep cash with them, they ought always to provide to be in a condition to pay them their due; and if it be once known that they can have money when they want it, fewer people will run to draw it out; and the Bank always will be able to lend to the government, and their customers, a helping hand by discounts; which will greatly increase their business and profits.

§. 45. Although some of the proprietors of the Bank being people who live upon their interest, and whose capitals are disposed of, the raising 10 *per cent* on a sudden may seem to be difficult, the profit of making 8 *per cent*. will make them get it from their friends, if it was even by pledging other things for it.

§. 46. The condition might be, that whenever a call is made for bringing in these 10 *per cent*, it can be done from the next day of _____ and within _____ weeks at farthest and the 8 *per cent* interest to commence from the day of its being delivered; which will make species come out immediately in *England*, and from *Holland* fast enough, flying to the Bank to stop the run; which nothing else can do effectually.



